

Richard Orpin
Ofcom
Riverside House
2a Southwark Bridge Road
LONDON
SE1 9HA

19th September 2017

Dear Richard,

Re: Recovering Postal Regulation and Consumer Advocacy Costs

Citipost Mail Response

Citipost does not support these proposals and sees them as a threat to the encouragement of competition and increased consumer choice.

We are surprised that this subject needed to be revisited only three years after the opinions of the industry was sought in 2014.

However, we offer the following response to the six questions raised.

Question 1. Do you agree that single piece end to end letter delivery services should be taken into account for the purpose of setting administrative charges?

Yes.

We believe that whole postal community is already paying for the regulatory and advocacy charges through the prices we all pay to Royal Mail. We believe that Royal Mail should be able to recover the costs of administration through the charges it makes. This appears to be a fair and transparent approach and spreads the costs over all postal users

Proposing to pass on these costs to others in the industry will only add to overheads and threaten to discourage competition. We would find it difficult to pass this cost on to our customers, while the proposal appears to allow Royal Mail to increase their margins.



Question 2. Do you agree that revenues from bulk mail and access services should be taken into account for the purposes of setting administrative charges?

No.

These services do not fall within the scope of the universal postal service.

Citipost sees no argument for contributing towards CAB administrative charges. These appear to have nothing to do with our client base and the services we and they provide.

Question 3. Do you agree that turnover from Access should be calculated on a net revenue basis?

As we have answered no to question 2 we do not see the need to comment on this point.

No change is needed.

Question 4. Do you agree that turnover from parcel services should not be taken into account for the purposes of setting administrative charges?

As per question 2, definitely not.

Question 5. Do you agree that the minimum revenue threshold for payment of administrative charges should be lowered to £5million?

No. If anything these thresholds should be raised in line with inflation. From our understanding this has never happened, so the de facto threshold has already been reduced over the years.

Royal Mail have successfully seen off any meaningful end to end competition. To propose a potential increase in the administrative burden on the few remaining, very small scale, operators seems wholly inappropriate.

Question 6. Do you agree with the proposed changes to CP1 that are set out in Annex 6?

No.

Citipost does not believe any change is necessary.

Yours sincerely

Tim Butler

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